

THE SCHOOL ADMINISTRATOR

and Uniform Compliance Guidelines
ISSUED BY STATE BOARD OF ACCOUNTS

Volume 165

March 2004

ITEMS TO REMEMBER

MARCH

- March 1: Prove the Fund Ledger and Ledger of Receipts for the month of February to the control of all funds and reconcile with the depository statements. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- March 20: Last day to report and make payment of state and county income tax withheld during February to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997 "The School Administrator and Uniform Compliance Guidelines".)

APRIL

- April 1: Prove all ledgers for the month ending March 31 as outlined for the month of February.
- April 15: Last day for the board of school trustees of the school corporation located wholly or partially within the county, which has the greatest taxable valuation of any school corporation in the county to appoint a member of the governing body to serve as a member of the county board of tax adjustment (IC 6-1.1-29-1). IC 6-1.1-29-9 provides that the county council may adopt an ordinance to abolish the county board of tax adjustment. The ordinance must be adopted by July 1 and may not be rescinded in the year it is adopted.
- April 9: Good Friday - Legal Holiday (IC 1-1-9-1)
- April 20: Last day to report and make payment of state and county income tax withheld during March to Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, "The School Administrator and Uniform Compliance Guidelines".)
- April 30: Last day to file federal quarterly report, Form 941, to the Internal Revenue Service for federal and social security taxes for the first quarter.

MAY

- May 1: Prove all ledgers for the month ending April 30 as outlined for the month of February.
- May 1: School corporations not wishing to renew teachers' contracts (non-permanent teachers) for the 2004-2005 school year on or before May 1, shall notify the teacher that the governing body will consider nonrenewal of the contract for the next school term. This notification must be: (A) written; and (B) delivered in person or mailed by registered or certified mail to the teacher at the teacher's last known address. IC 20-6.1-4-14 also provides possible additional procedures.

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ITEMS TO REMEMBER

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- May 4: Election Day – Legal Holiday (IC 1-1-9-1)
- May 20: Last day to report and make payment of state and county income tax withheld during April to Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, "The School Administrator and Uniform Compliance Guidelines Manual.")
- May 31: Memorial Day - Legal Holiday (IC 1-1-9-1)
- May 31: On or before June 1 and December 1 of each year (or more frequently if the county legislative body adopts an ordinance requiring additional certifications) the school corporation shall certify to the county treasurer a list of the names and addresses of each person who has money due the person from the school corporation. (IC 6-1.1-22-14).

SALE, EXCHANGES, TRANSFER OR LEASE OF PROPERTY

IC 20-5-5-1 provides "Whenever the governing body of a school corporation determines that any real or personal property is no longer needed for school purposes or should in the interests of the school corporation be exchanged for other property, it may sell or exchange such property in accordance with the provisions of IC 36-1-11. The money derived from the sale or exchange of such property shall be placed in any school fund established under applicable law which the governing body of the school corporation in its discretion shall deem appropriate." Also see IC 5-22-22.

The State Board of Accounts is of the understanding that the phrase "any school fund established under applicable law" includes the tax supported school corporation funds; General, Debt Service, Capital Projects, Transportation Operating, School Bus Replacement, and Special Education Preschool.

REAL PROPERTY

APPRAISALS, PUBLICATIONS AND BIDS

IC 36-1-11-4 states, "(a) A disposing agent who wants to sell or transfer real property must comply with this section, except as permitted by section 4.1, 4.2, 5, 5.5, 8, 14, or 15 of this chapter.

(b) The disposing agent shall first have the property appraised by two (2) appraisers. The appraisers must be:

- (1) professionally engaged in making appraisals;
- (2) licensed under IC 25-34.1; or
- (3) employees of the political subdivision familiar with the value of the property.

The appraisers shall make a joint appraisal of the property.

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SALE, EXCHANGES, TRANSFER OR LEASE OF PROPERTY

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(c) After the property is appraised, the disposing agent shall publish a notice in accordance with IC 5-3-1 setting forth the terms and conditions of the sale and, when subsection (e) is employed, may engage an auctioneer licensed under IC 25-6.1 to advertise the sale and to conduct a public auction. The advertising conducted by the auctioneer is in addition to any other notice required by law and shall include a detailed description of the property to be sold stating the key numbers, if any, of the tracts within that property. If the disposing agent determines that the best sale of the property can be made by letting the bidders determine certain conditions of the sale (such as required zoning or soil or drainage conditions) as a prerequisite to purchasing the property, the disposing agent may permit the bidders to specify those conditions. The notice must state the following:

- (1) Bids will be received beginning on a specific date.
- (2) The sale will continue from day to day for a period determined by the disposing agent of not more than sixty (60) days.
- (3) The property may not be sold to a person who is ineligible under section 16 of this chapter.
- (4) A bid submitted by a trust (as defined in IC 30-4-1-1(a)) must identify each:
 - (A) beneficiary of the trust; and
 - (B) settler empowered to revoke or modify the trust.

(d) A bid must be open to public inspection. A bidder may raise the bidder's bid, and subject to subsection (e), that raise takes effect after the board has given written notice of that raise to the other bidders."

Other Procedures

IC 36-1-11-4 also states, "(e) The disposing agent may also engage an auctioneer licensed under IC 25-6.1 to conduct a sale by public auction. The auction may be conducted either at the time for beginning the sale in accordance with the public notice or after the beginning of the sale. The disposing agent shall give each bidder who has submitted a bid written notice of the time and place of the auction.

(f) The disposing agent may, before expiration of the time set out in the notice, sell the property to the highest and best bidder. The highest and best bidder must have complied with any requirement under subsection (c)(4). However, the disposing agent may sell the property for less than ninety percent (90%) of the appraised value of the tracts only after having an additional notice of the sale published in accordance with subsection (c). The disposing agent may reject all bids.

(g) If the disposing agent determines that, in the exercise of good business judgment, the disposing agent should hire a broker or auctioneer to sell the property, the disposing agent may do so and pay the broker or auctioneer a reasonable compensation out of the gross proceeds of the sale. However, the disposing agent must still comply with the procedural requirements of this section. The disposing agent may hire one (1) of the appraisers as the broker or auctioneer."

IC 36-1-11-5.5 also contains a special provision for the sale or transfer of real property for no compensation or a nominal fee to a not-for-profit corporation created for educational or recreational purposes. Additionally, other possible applicable provisions exist concerning townships; IC 20-4-5-8 and IC 20-5-19-1, conveyance to a city, etc.

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PERSONAL PROPERTY

Personal property subject to disposal (buses, trucks, mowers, desks, tables, chairs and/or other moveable equipment), is governed by IC 5-22-22.

Use of auctioneer

IC 5-22-22-4 states, "(a) If the property to be sold is:

- (1) one (1) item, with an estimated value of one thousand dollars (\$1,000) or more; or
- (2) more than one (1) item, with an estimated total value of five thousand dollars (\$5,000) or more;

the purchasing agency may engage an auctioneer licensed under IC 25-6.1 to advertise the sale and conduct a public auction.

(b) The advertising by an auctioneer under this section must include a detailed description of the property to be sold.

(c) The purchasing agency shall pay an auctioneer who conducts a sale under this section from the gross proceeds of the sale received before other expenses and liens are paid."

Public sale or sealed bids

IC 5-22-22-5 states, "(a) If:

- (1) an auctioneer is not engaged under section 4 of this chapter; or
- (2) the surplus property is not sold through an Internet auction site under section 4.5 of this chapter;

the purchasing agency shall sell the property at a public sale or by sealed bids delivered to the office of the purchasing agency before the date of sale.

(b) Advertisement of the sale shall be made in accordance with IC 5-3-1.

(c) All sales shall be made to the highest responsible bidder."

Public or private sale or transfer without advertising

IC 5-22-22-6 states, "If the property to be sold is:

- (1) one (1) item, with an estimated value of less than one thousand dollars (\$1,000); or
- (2) more than one (1) item, with an estimated total value of less than five thousand dollars (\$5,000);

the purchasing agency may sell the property at a public or private sale or transfer the property, without advertising."

Exchange of property between governmental body

IC 5-22-22-10 states, "(a) A purchasing agency may exchange property with another governmental body upon terms and conditions agreed upon by the governmental bodies as evidenced by adoption of a substantially identical resolution by each entity.

(b) A transfer under this section may be made for any amount of property or cash as agreed upon by the governmental bodies."

Various other procedures are provided in IC 5-22 concerning internet sales, recyclable and worthless property.

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PERSONAL PROPERTY
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The governing board should seek written advice of the school corporation attorney for interpretation of any of the provisions relating to selling or other disposition of property no longer needed by the school corporation.

COMPUTER CONSORTIUM/EDUCATION TECHNOLOGY ADVANCEMENTS

School Technology Advancements can be approved from the State's School Technology Advancement Account established within the Common School Fund in accordance with IC 20-10.1-6.5.

The accounting procedure for these advancements is the following:

1. A special fund titled "Computer Consortium/Education Technology Advancements" and numbered 319 for reporting on the Form 9 should be set up on your records when any money is received in support of the approved advancement. The money is to be receipted to the fund in Receipt Account Number 3220 "Computer Consortium/Education Technology Advancement", totaled and posted to the receipt side of the fund.
2. The proper procedures, after following the provisions of the Public Purchase Law are, the items are received, payment is approved and the check is written and should be recorded in Expenditure Account Number 22250 "Computer Assisted Instruction Services: of the above new fund. The amount must be included in the total for the posting period which is carried to Account Number 22000 of the fund and to the disbursement side of the fund to reduce the balance remaining.
3. Repayment to the State of the advancement is to be handled in the same manner as Common School Fund advancements for school construction; that is, withheld from distributions by the State of tuition support for the school corporation's General Fund. The school corporation may budget for these annual repayments as part of its Debt Service Fund tax rate and levy in Account Number 54200. The amount when collected in the Debt Service Fund may be paid to the General Fund, Account Number 3113, to replace the amount withheld from the State support distribution for the General Fund.
4. Money received in support of these advancements as approved; receipted to a special fund as described herein; and, disbursed for the designated purpose as defined in the authorizing statute, IC 20-10.1-6.5-4, does not require appropriation before expenditure.

Please note that the provision for expenditure from the Fund without an appropriation being required applies only to the money advanced by the State for the purchases and does not include any General Fund or Capital Projects Fund money.

SPECIAL FUEL TAXES

Please contact the Indiana Department of Revenue concerning taxation, licensing, and reporting on special fuels at 317-232-2339.

Federal fuel tax questions should be directed to the IRS at 1-800-829-1040.

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OMB CIRCULAR A-133 REQUIREMENTS

The Single Audit Act and the Office of Management and Budget (OMB) Circular A-133 set out the responsibilities of entities receiving federal awards. Subrecipient monitoring is required by the governmental entity receiving the federal funds which are passed through to governmental and nongovernmental subrecipients.

We recommend that the school corporation have a formal subrecipient monitoring plan, in written form, for all federal programs which pass federal monies through to subrecipients. The monitoring plan should identify the procedures the school corporation has in place to monitor the activities of the subrecipient to ensure that the program requirements are being met. Such monitoring plans should include for instance, formal procedures to request subrecipients to provide written documentation supporting requests for reimbursements and the procedure the school corporation will use to review such documentation, the nature, timing, and extent of on-site visits, etc., and should also:

1. Identify federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, and the name of federal agency.
2. Advise subrecipients of requirements imposed on them by federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
3. Monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
4. Ensure that subrecipients expending \$300,000 or more in federal awards during the subrecipient's fiscal year have met the audit requirements for that fiscal year.
5. Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.
6. Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.

Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with the Circular.

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ESTABLISHING THE ESTIMATED COST OF CAPITAL ASSETS

The following is an update to estimated cost information the State Board of Accounts provided at prior seminars concerning capital asset accounting.

When you are not able to determine the historical cost of capital assets owned by a governmental unit, the following procedure should be followed.

Develop an inventory of all capital assets which are significant for which records of the historical costs are not available. Obtain an estimate of the replacement costs of these assets. Through inquiry determine the year or approximate year of acquisition. Then multiply the estimated replacement cost by the factor for the year of acquisition from the Table of Cost Indexes. The resulting amount will be the estimated cost of the asset.

The estimated replacement cost in some cases can be obtained from insurance policies; however, if estimated replacement costs are not available from insurance policies, you should obtain or make an estimate of the replacement costs.

An example would be if the replacement cost is estimated at \$76,000.00 and the asset was constructed about 1930, then the estimated cost of the asset should be reported as \$6,840.00.

$$\$76,000.00 \times .09 = \$6,840.00$$

TABLE OF COST INDEXES
1915 to 2003

<u>Year</u>	<u>Index</u>	<u>Year</u>	<u>Index</u>	<u>Year</u>	<u>Index</u>	<u>Year</u>	<u>Index</u>
2003	1.00	1979	.40	1955	.15	1931	.09
2002	.98	1978	.36	1954	.15	1930	.09
2001	.96	1977	.34	1953	.15	1929	.09
2000	.94	1976	.31	1952	.15	1928	.09
1999	.91	1975	.30	1951	.15	1927	.10
1998	.89	1974	.27	1950	.14	1926	.10
1997	.88	1973	.25	1949	.14	1925	.10
1996	.86	1972	.23	1948	.14	1924	.09
1995	.83	1971	.23	1947	.13	1923	.09
1994	.81	1970	.21	1946	.12	1922	.09
1993	.78	1969	.20	1945	.10	1921	.10
1992	.77	1968	.19	1944	.10	1920	.11
1991	.75	1967	.19	1943	.10	1919	.10
1990	.72	1966	.18	1942	.09	1918	.09
1989	.68	1965	.18	1941	.08	1917	.07
1988	.65	1964	.17	1940	.08	1916	.06
1987	.62	1963	.17	1939	.08	1915	.05
1986	.60	1962	.17	1938	.08		
1985	.59	1961	.17	1937	.08		
1984	.57	1960	.17	1936	.08		
1983	.55	1959	.16	1935	.08		
1982	.53	1958	.16	1934	.07		
1981	.50	1957	.16	1933	.07		
1980	.45	1956	.15	1932	.08		